

Survey on superannuation and retirement: Advice

- Good quality information can help people to improve their retirement outcomes.
- However, an ASFA survey finds that around half of all adults, and around 40% of those aged 65+, have not consulted sources of information with respect to their retirement.
- In general, people have a high degree of trust in advice professionals and advice provided by super funds – though for the latter, use rates are particularly low *given* the degree of trust.
- Young adults have a particularly high degree of trust in social media for information on retirement, and are more likely to seek social media advice. This highlights the risk to younger Australians’ super from cybercrime and exploitation.
- ASFA supports reforms that would increase access to, and improve affordability of, retirement advice from trusted sources.

This note is the first in a series of ASFA publications that explores the findings of a recent survey of Australians about superannuation and retirement. The survey comprised 1,500 adults – representative of the broader population in terms of age, gender, education and whether respondents reside in urban or regional areas.

Sources of information on superannuation and retirement

For Australian consumers, good quality information in relation to superannuation and retirement can help improve their retirement outcomes. Broadly speaking, where accessed, good quality information can help consumers to understand and set retirement goals and to choose and employ strategies to reach those goals.

When seeking out information about their superannuation and retirement, Australians consult a range of information sources.

These can be defined by their degree of personalisation: from information that is generated for a general audience to bespoke, personalised financial advice. A non-exhaustive list includes:

- advice professionals (financial advisors)
- advisors from their super fund
- industry benchmark (e.g. the ASFA Retirement Standard)
- internet resources, such as on-line calculators
- media articles
- social media

In addition, Australians also consult their friends and family in relation to superannuation and retirement.

The quality and reliability of information on superannuation and retirement can vary markedly across these different sources.

Survey results: use of information

According to the survey, only half of Australian adults have consulted any (of the above) sources of information with respect to their retirement (Chart 1).

Chart 1: Percentage of adults who have consulted at least one information source in relation to their retirement

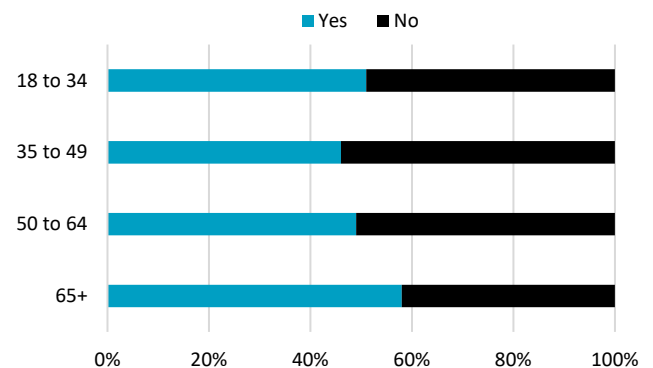
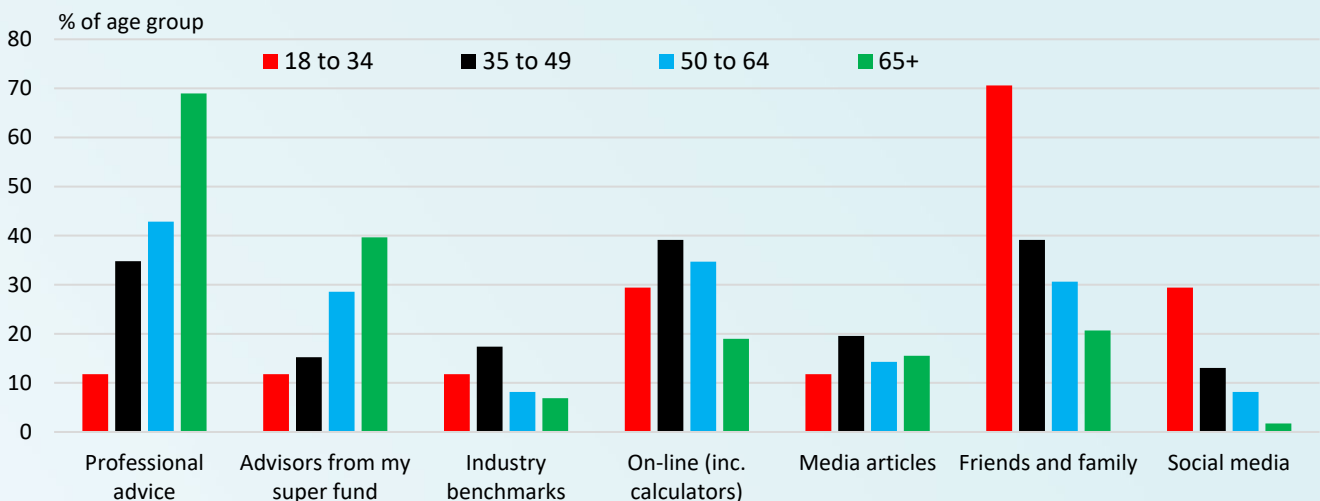


Chart 2: For those who consult information, the percentage who have consulted each type



The percentage of adults who have consulted at least one information source increases with age – though not to a great degree. Indeed, for those aged 65+, only 58% have consulted any of the listed information sources.

For those who have consulted one or more of these information sources, Chart 2 (see previous page) shows the percentage within each age cohort who have consulted each type. Survey respondents could select more than one information source.

For those who have consulted *at least* one information source, Chart 2 shows that:

- older Australians are more likely than younger Australians to consult relatively formal sources of information – in particular, professional advice and advice provided by superannuation funds.
- younger Australians are more likely than older Australians to consult family and friends, and social media. With respect to the latter, people in the 18-34 age cohort are 15 times more likely to consult social media than people aged 65+.

Survey results: trust of information

Respondents’ trust of information sources varies markedly according to both the type of information and the age of the respondent.

For each source, Chart 3 shows a measure of net trust – that is, the percentage of respondents who trust the source *less* the percentage who do not trust that source. The survey sample for this question includes respondents who have not consulted any form of information.

The survey finds that respondents – of all ages – have a relatively high degree of net trust in; professional advisors, advice provided by (the respondent’s) superannuation fund and industry benchmarks. An example of the latter is the *ASFA Retirement Standard*. For each

of these information sources, the 18-34 age cohort has the highest degree of net trust.

Social media is the least trusted information type in each age cohort – though again, the 18-34 age cohort reported the highest degree of net trust.

Use versus trust

Unsurprisingly, people tend to make greater use of information that is most trusted (and vice versa). For all ages combined, Chart 4 shows the percentage of people who use each information type (vertical axis), and the associated net trust score (horizontal axis).

Chart 4: Use versus Net trust (all ages combined)

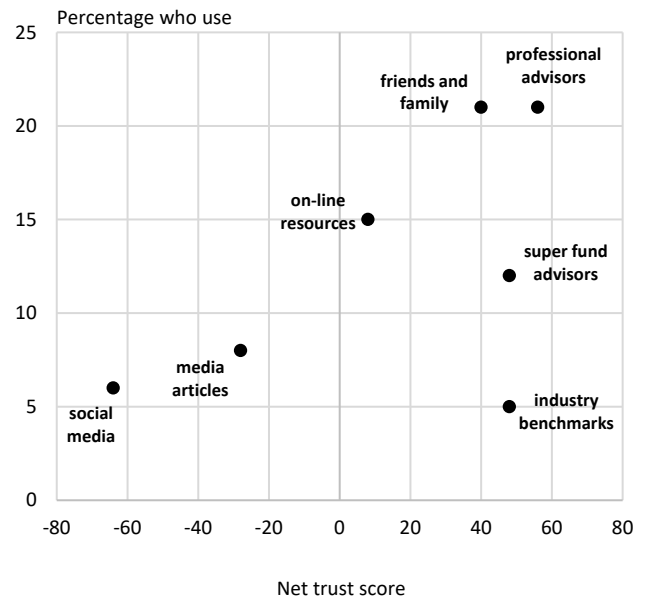
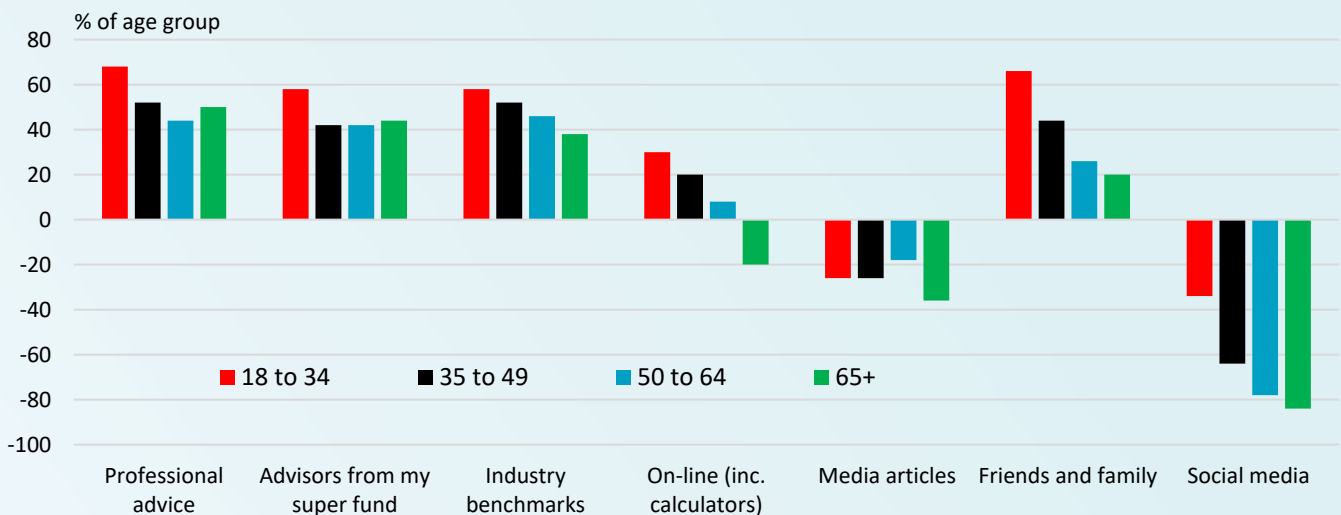


Chart 3: Net trust (all respondents, regardless of whether they have consulted an information source)



That said, the survey results also show that for some information sources, use rates are low *given* the degree of net trust. These include advice provided by superannuation funds and industry benchmarks. These apparent discrepancies are evident across all age cohorts (not shown in this chart).

These results suggest potential for much greater take-up of both types of information – particularly given that half of adults have not consulted any information source (see Chart1).

With respect to advice provided by superannuation funds, the Australian Government is consulting on a broad package of proposed reforms to expand access to retirement income advice. If implemented, the (particular) reforms would increase consumer access to advice provided by superannuation funds and improve advice affordability.

Social media as a source of information

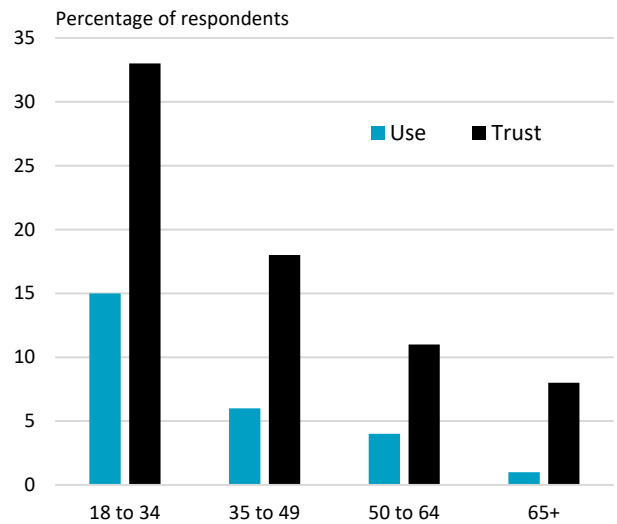
While overall use of social media (as a source of information on retirement) is low, for younger adults social media ranks second only to family and friends (Chart 2). Younger adults also have a particularly high degree of trust in social media (for information on retirement).

In this regard, Chart 5 shows the percentage of adults who consult and trust social media for information on retirement.

- Note that respect to trust, Chart 5 does not depict the net trust score from Chart 3, but instead only the percentage respondents who trust social media.

Young people’s trust in social media advice, combined with a higher likelihood to seek such advice, makes them particularly vulnerable to cybercrime and exploitation that threatens their superannuation balances and ultimate retirement outcomes.

Chart 5: Social media - use and trust



This highlights the need for policy change to increase access to increase the availability of low-cost, high-quality financial advice – including through superannuation funds.